

## Message Text

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45

ACTION EA-10

INFO OCT-01 ISO-00 EUR-12 CIAE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

OMB-01 TRSE-00 EB-07 COME-00 VO-03 AID-05 PC-01

CIEP-01 /095 W

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R 150841Z MAY 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 4227

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

CINCPAC

DIA WASHDC

AMEMBASSY VEINTIANE

C O N F I D E N T I A L BANGKOK 8817

CINCPAC FOR POLAD

E.O. 11652: ADS 3 MAY 1977

TAGS: PINT, EGEN, TH

SUBJ: NERVOUSNESS IN BANGKOK

REF: DAO BANGKOK IR 6-895-0236-75 OF 30 APRIL 1975

BEGIN SUMMARY: AS THE SITUATION IN NEIGHBORING COUNTRIES  
WORSENS, SOME BANGKOK RESIDENTS HAVE BECOME INCREASINGLY NERVOUS  
ABOUT THE STABILITY OF THAILAND. SOME WELL-TO-DO THAI AND  
SINO-THAI ARE MOVING THEIR CAPITAL OUT OF THAILAND, AND ARE  
MAKING PREPARATIONS TO LEAVE THE COUNTRY. WE REGARD THE  
CURRENT REACTION AS PREMATURE IF NOT IRRATIONAL. END SUMMARY

THE FALL OF CAMBODIA AND SOUTH VIETNAM HAS CAUSED AN  
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UPSURGE OF WORRY ABOUT THE STABILITY OF THAILAND IN RECENT

WEEKS AMONG WELL-TO-DO RESIDENTS OF BANGKOK. CURRENT UNCERTAINTIES IN LAOS ADD A SPECIAL POIGNANCY TO THIS REACTION BECAUSE OF THE CLOSE ETHNIC AND CULTURAL TIES BETWEEN LAOS AND THAILAND AND THE PROXIMITY OF VIENTIANE TO THE THAI BORDER.

2. WE HAVE HEARD INCREASING REPORTS IN RECENT WEEKS OF CAPITAL MOVEMENTS FROM THAILAND TO OTHER COUNTRIES. THERE IS A SERIOUS SHORTAGE OF DOLLARS AT LOCAL BANKS AS WEALTHY THAI ARE CONVERTING THEIR BAHT TO DOLLARS AND MOVING THEIR CAPITAL ABROAD. THE PRICE OF GOLD HAS SOARED ABOVE THE WORLD MARKET PRICE. CHINESE ANTIQUES AND JEWELS ARE ALSO SELLING AT GOOD PRICES, SINCE THEY ARE EASY TO TRANSPORT ABROAD. SINCE THE FALL OF SAIGON, THE EMBASSY ECONOMIC/COMMERCIAL SECTION HAS BEEN RECEIVING MORE FREQUENT REQUESTS FOR ADVICE AND GUIDANCE ON INVESTING CAPITAL IN THE U.S. AND BECOMING U.S. CITIZENS. CONVERSELY, VISITING AMERICAN BUSINESSMEN IN LARGER NUMBERS ARE REQUESTING EMBASSY ASSESSMENTS OF THE SITUATION AS THEY REVIEW THEIR INVESTMENT PLANS. THE DUTCH AMBASSADOR TOLD THE CHARGE THAT THE WEEKLY KLM FLIGHT TO AMSTERDAM VIA ZURICH IS OVERBOOKED.

3. ACCORDING TO SOME SINO-THAI BUSINESS INTERESTS THEY ARE UNABLE TO SELL LARGE SCALE FIXED CAPITAL INVESTMENTS (U.S. DOLLARS ONE MILLION OR MORE). NEW FOREIGN INVESTMENT HAS DROPPED OFF IN RECENT MONTHS. THESE SAME SOURCES INDICATE IT IS STILL POSSIBLE FOR THEM TO SELL MEDIUM SIZED FIXED CAPITAL INVESTMENTS (U.S. \$100,000 TO \$1,000,000) EITHER TO SINO-THAI WHO THINK THEY COULD SURVIVE UNDER A LEFTIST GOVERNMENT AND MAKE A QUICK PROFIT, OR TO THAI FRONTING FOR JAPANESE INVESTMENT INTERESTS. IT HAS BECOME INCREASINGLY DIFFICULT TO SELL EVEN SMALL SCALE FIXED INVESTMENTS SUCH AS RENTAL HOMES. THE INVESTMENT CLIMATE HAS BEEN WORSENING FOR SEVERAL MONTHS, BUT IS NOT NECESSARILY A REACTION TO THE SITUATION IN NEIGHBORING COUNTRIES. THE WORLD ECONOMIC RECESSION, THAI LABOR PROBLEMS, AND ECONOMIC NATIONALISM ARE ALSO FACTORS.

4. BESIDES MOVING THEIR CAPITAL ABROAD, SOME WELL-TO-DO THAI ARE ALSO MAKING PREPARATIONS FOR THEMSELVES AND THEIR

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FAMILIES TO LIVE ABROAD. THE CROWDS OUTSIDE OUR CONSULAR SECTION ARE LARGER THAN EVER, AND THE ISSUANCE OF OFFICIALLY-REQUESTED DIPLOMATIC VISAS IN APRIL 1975 WAS 52 PERCENT HIGHER THAN IN APRIL 1974. SIGNIFICANT BUSINESSMEN, SUCH AS THE CHAIRMAN OF THE THAI FARMERS BANK, HAVE INQUIRED ABOUT THE PROCEDURES FOR OBTAINING AN IMMIGRANT VISA. THE AUSTRALIAN AND NEW ZEALAND EMBASSIES ALSO REPORT A RECENT INCREASE IN THE NUMBER OF THAI APPLYING FOR IMMIGRANT VISAS.

THE NEW ZEALAND DEFENSE ATTACHE REMARKED THAT, DURING A RECENT RECEPTION, SIX OF EIGHT HIGH-RANKING THAI MILITARY OFFICERS INQUIRED ABOUT MOVING TO AND INVESTING IN NEW ZEALAND. A THAI POLITICAL SCIENTIST, WHO IS ALSO A DISTANT MEMBER OF THE ROYAL FAMILY, TOLD US THAT DURING A RECENT VISIT WITH RELATIVES THE SOLE TOPIC OF CONVERSATION WAS "WHEN ARE YOU LEAVING?", NOT "ARE YOU LEAVING?"

5. CONCLUSIONS: A THAMMASAT UNIVERSITY ECONOMICS PROFESSOR TOLD US THAT THE CURRENT PANIC WILL LAST ABOUT THREE MONTHS AND THEN DIE DOWN AGAIN. HE SAID THE SAME THING HAPPENED AFTER THE VIET MINH VICTORY AGAINST THE FRENCH IN 1954. WE AGREE THAT THE CURRENT MOVEMENT OF CAPITAL AND PEOPLE FROM THAILAND IS AN IRRATIONAL REACTION TO THE SITUATION IN NEIGHBORING COUNTRIES. THAILAND'S STABILITY AND SECURITY ARE NOT IMMEDIATELY THREATENED, AND WE EXPECT THE CURRENT PANIC TO SUBSIDE ONCE THIS FACT BECOMES MORE EVIDENT. NEVERTHELESS, THE CURRENT SITUATION REFLECTS A LACK OF CONFIDENCE ON THE PART OF MANY MEMBERS OF THE THAI ELITE IN THE COUNTRY'S LONG TERM STABILITY; A SUBSTANTIAL FLIGHT OF BOTH CAPITAL AND LEADERSHIP WOULD OBVIOUSLY NOT CONTRIBUTE TO THAI ECONOMIC AND POLITICAL COHESION. WE EXPECT THE CURRENT NERVOUSNESS TO SUBSIDE AFTER A FEW MONTHS, HOWEVER.

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